

ROUTING

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 12 October 1977

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National Intelligence Daily Cable for Wednesday, 12 October 1977.

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The NID Cable is for the purpose of informing senior US officials.

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Israel

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USSR: Views on China's National Day

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[] Soviet Premier Kosygin's meeting yesterday with the Chinese Ambassador was the first between a top Soviet official and the Chinese Ambassador since January 1971. The meeting apparently was a routine follow-on to Ambassador Wang Yu-ping's presentation of credentials last month. It complied with diplomatic practice and was similar to the procedure followed by Wang's predecessor. The Soviet account of the meeting--Kosygin had "a conversation" with Wang--contrasts with Peking's version, which did not refer to a conversation. The USSR has recently moderated its anti-Chinese propaganda, but the Chinese continue to criticize the Soviets in strong terms.

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[] The Soviet Government message and an authoritative article in *Pravda* on 1 October, issued on the occasion of China's national day, were notably milder in tone than Moscow's attacks on the Chinese during their 11th Party Congress in September. The government message declared that Moscow is ready to "improve relations"--a line absent from last year's anniversary greeting--and the article *Pravda* highlighted the mutual "advantages" of recent Sino-Soviet agreements on trade and border-river navigation.

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[] The Soviets may believe that, having responded to the Chinese leaders' anti-Soviet statements at the September party congress, they have the political leeway to take a more conciliatory tack. A Soviet expert on China told a US Embassy official last week that the government message reflects a Soviet desire to improve the "atmospherics" in Sino-Soviet relations. He stressed that Moscow will continue to reply to Chinese propaganda attacks but will also remain patient and encourage Peking to respond to Soviet "initiatives."

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[] By contrast, the Chinese have sustained their vehement public and private criticism of Moscow. On 29 September Peking broadcast in Russian an attack against the new Soviet constitution and declared that the Soviet people eventually will rise up and "bury forever the Brezhnev renegade clique."

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[] Hu En-tsai, a Chinese Embassy official, [] in Moscow on 3 October that Sino-Soviet relations have not improved. Hu acknowledged differences in language between the 1976 and 1977 Soviet Government messages but said that the "spirit" of both messages was similar.

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[] The Chinese official conceded that the article in *Pravda* was "mild" in contrast to Moscow's recent anti-Chinese propaganda but attributed this to Moscow's alleged intention to justify itself to the Soviet people by adopting a "peaceful pose." He also played down a reference in the article to the navigation talks and characterized them as completely technical matters that do not reflect a real change in the Soviet attitude toward China.

[] In discussing the temporarily recessed border talks, Hu complained that the article in *Pravda* used a "disgusting" Soviet tactic by taking an earlier Chinese package proposal, discarding from it a key Chinese requirement--a withdrawal of Soviet troops from the border--and pretending that the reduced package is a Soviet "initiative."

USSR: Grain Harvest Estimate

[] //CIA now estimates this year's Soviet grain crop at 215 million to 220 million tons, a range somewhat below our estimate in early September of 220 million tons. Such a harvest would be exceeded only by that in 1973 and by last year's record of about 224 million tons. The most recent US Department of Agriculture estimate puts the crop at 215 million tons. We now estimate that Soviet grain imports between now and the end of next year will be 20 million to 25 million tons, up by 5 million tons over our estimate in late September. Imports of this magnitude would be comparable in size to those following recent Soviet crop failures.//

[] There have been no official Soviet statements on the size of this year's grain crop. Grain yields reported in the Soviet press, however, have thus far supported our estimate of a second consecutive bumper crop.

[] Winter wheat yields reached a new high in Moldavia and were excellent across most of the Ukraine. Unusually wet conditions in parts of the northern Ukraine, Belorussia, and the Baltic republics increased harvesting losses, but available reports indicate that yields remain above the average of the past five years.

25X1 [REDACTED] //Yields in areas east of the Urals have not been reported. [REDACTED]

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25X1 [REDACTED] the yields will be good to excellent for areas in eastern Kazakhstan and West Siberia, average in much of the Urals, and below average in southern Kazakhstan and in the southern Urals.//

25X1 [REDACTED] the middle Volga region continue to lack adequate moisture. We have reduced our estimate of wheat production in this region by 1 million to 2 million tons.//

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25X1 [REDACTED] //Our new forecast reflects greater than normal uncertainty, primarily because of late-season conditions in Kazakhstan. Because there was insufficient rainfall in much of this area, we cut our estimate of grain production in that republic from 22 million tons to between 18 million and 21 million tons, with most of the shortfall in wheat. More favorable conditions in the north, however, could offset some of the losses sustained in other parts of the republic.//

25X1 [REDACTED] More than normal uncertainty also marks our estimate of the Soviet corn harvest. Our new estimate puts production at 10 million to 12 million tons; our last estimate was 12 million tons. Harvesting progress reports in the Soviet press indicate that the portion of the grain area planted in corn may be as much as a half-million hectares less than official seeding statistics earlier indicated. Harvesting some corn normally used for ensilage, however, could increase grain output by 1 million to 2 million tons.

25X1 [REDACTED] Although the Soviets may have a near-record grain harvest, a substantial portion of this year's wheat is of poor quality. Available information suggests that in much of the north European USSR the moisture content of this year's winter grain was as much as twice the standard amount. Much of this grain can be dried, but excessive drying will substantially reduce its milling and breadmaking quality.

25X1 [REDACTED] //New information from trade sources in contact with Soviet trade officials leads us to estimate Soviet grain imports at 20 million to 25 million tons to be delivered between 1 October 1977 and 31 December 1978. These imports are likely to be about evenly divided between wheat and feedgrains with about 15 million tons coming from the US.//

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[] Even with a large harvest, the Soviets could use imports of this magnitude to continue stock rebuilding, to compensate for domestic wheat quality, and to continue the expansion of livestock herds.

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[] //US grain traders reportedly are going to the USSR within the next two weeks at Soviet request. Shipping schedules could be the only item on the agenda, but additional purchases are possible.// []

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NORTH YEMEN: President Assassinated

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[] *//North Yemen has solved the immediate succession problem created by the assassination yesterday of Command Council Chairman Ibrahim al-Hamdi, but the Chairman's death nevertheless removes an important force for political stability. Saudi Arabia is likely to be pleased with Hamdi's successor; the USSR will fear a further deterioration of its position in the country. We do not yet know who was responsible for killing Hamdi and his brother.//*

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[] //Hamdi was a key figure on the Yemeni political scene who was skilled at isolating extremist opponents while acting as a rallying point for moderates of both the left and the right. The new Chairman of the three-man Command Council, Chief of Staff Ahmad al-Ghashmi, lacks Hamdi's sophistication and probably some of his ability to keep Yemen's delicate political situation in balance. This raises the possibility of a prolonged period of political uncertainty as elements from both the right and the left vie for a stronger role in the government than they were allowed under Hamdi.//

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[] //Ghashmi has a strong position within the Yemen military, and late last year reportedly was working to expand his influence with key military units. At times Ghashmi apparently has been at odds with another member of the Command Council, paratroop commander Abdallah Abd-al-Alim.//

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[] //Although probably disappointed by the death of Hamdi, with whom they had established a close working relationship, Saudi officials will be pleased to see a pro-Western Yemeni such as Ghashmi take Hamdi's place. Some Saudis, however,

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may seize this opportunity to press for a prominent role in the government for their protege, tribal leader Abdallah al-Ahmar, who has long been a rival of Hamdi's.//

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[] //Soviet officials are likely to be dismayed over Ghashmi's appointment. Since becoming Chief of Staff in 1974, Ghashmi has worked to lessen the country's reliance on Soviet military aid and advice.//

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[] //No details of the assassination are yet available. If the assassins are not immediately found, Yemeni officials could blame leftist sympathizers for Hamdi's death. Hamdi's relationship with Saudi Arabia and his recent rapprochement with the conservative al-Ahmar had embittered some Yemeni leftists.//

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[] //Other suspects could be those in the pay of the Marxist-oriented South Yemen regime, refugees from South Yemen unhappy that Hamdi was planning a trip to that country later this week, or dissident tribal elements. []

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MOROCCO: New Cabinet Announced

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[] *The new Moroccan cabinet announced on Sunday is, like its predecessor, a government of technocrats. The leaders of the two Moroccan political parties that made the best showing in the parliamentary election last June were also given cabinet positions.*

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[] The most significant change was the appointment of Mohamed Boucetta, leader of the conservative Istiqlal Party, as Minister of State for Foreign Affairs. Mohamed Osman, the King's brother-in-law, remains Prime Minister, the post he has held since November 1972.

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[] The cabinet shuffle sets the stage for the opening of parliament on Friday, the first since 1972. King Hassan presumably hopes the appointment of leaders from the Istiqlal and the palace-supported Popular Movement parties will create the appearance of a popular-based government. The head of Morocco's main leftist party, the Socialist Union of Popular Forces, reportedly declined palace demarches to join the cabinet.

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25X1 [] King Hassan remains unwilling to share significant power with political parties and will continue to be his own foreign minister. The King has used the dispute with Algeria over Western Sahara to co-opt the parties and take advantage of the irredentist sentiments of many Moroccans. []

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CHILE: Uneasy Truce with Critics

25X1 [] *The Chilean Government's recent moves to ameliorate human rights practices have begun to remove a major irritant in relations with some of its domestic critics, particularly the Catholic Church and--to a lesser extent--labor. The government's long-term intentions--such as the plan for eventual return to democratic processes--inspire skepticism, but many Chileans concede that the government seems to have ended the worst aspects of repression.*

25X1 [] *//The Church has adopted a more conciliatory attitude and is studiously avoiding a confrontation with the government. The warming trend has been most evident in comments by Cardinal Silva, a liberal who has frequently voiced opposition to the government's policies. The Cardinal, an astute political observer, is urging Church leaders to be cautious in applying pressure on the government since he judges that such tactics would now be counterproductive.//*

25X1 [] *//Cardinal Silva is advocating that Church views be communicated privately to President Pinochet and other top officials. He believes this approach offers a better chance of moderating government practices. The election last month of a conservative bishop, a good friend of Pinochet's, to head the Church's permanent episcopal committee reflects the new mood.//*

25X1 [] *//One prominent liberal Church spokesman believes the newly elected bishop, a clever and capable administrator, may be able to exert a positive influence on the President. The improved relations between church and state, however, will not prevent Church liberals from speaking out bluntly if they conclude that the government is backsliding on human rights.//*

25X1 [] *On the labor front, a threatened showdown between Pinochet and a group of democratic trade union leaders seems to have been averted when the President shelved--at least for the moment--any plans for the government to oust them from*

their union positions. Under the current political moratorium, union elections are prohibited and the government can remove and replace labor officials at will.

25X1 [] The government's antipathy for the labor leaders in question stems from its conviction that they are being used by the Christian Democratic Party and are engaging in political activity to embarrass the government. While this does not appear to be the case, misgivings about the political motives of the group's spokesman may cause some of the labor leaders to reassess their role. A consensus may be developing among them to avoid provocations that could further jeopardize their status.

25X1 [] The government will continue to look askance at free labor activity, but the current truce at least suggests a more tolerant policy. Both sides, in fact, seem disposed to avoid extremes and to seek a modus vivendi.

25X1 [] Like the Church, labor may perceive that it has more to gain by ending an adversary relationship and switching to more subtle forms of protest. At a minimum, both groups apparently believe that changed conditions in Chile could provide the climate for a gradual relaxation of harsh restrictions.

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BRAZIL-ARGENTINA: Arms Sales

25X1 [] *//Brazil and Argentina are increasing their efforts to supply arms to their neighbors. Key factors prompting these efforts include the continued phasing down of US military aid to Latin America, the high cost of sophisticated European weapons, and widespread reluctance in the region to turn to the Soviets for weapons.//*

25X1 [] *//Both Brazil and Argentina produce, under license, models of European-designed weapons systems that they can export along with other, locally developed equipment. Both also have the capability to develop their own sophisticated weapons.//*

25X1 [] *//Brazil has the largest domestic arms industry in Latin America. It produces jet ground-attack aircraft, light transport planes, patrol boats, support ships, and a family of*

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armored vehicles. Argentina has a large manufacturing base for weapons and produces light turboprop counterinsurgency aircraft, rockets, mortars, and heavy automatic weapons.//

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25X1 [redacted] //The two countries are also beginning programs to develop tanks. [redacted]

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25X1 [redacted] //Brazil has sold arms worth over \$75 million to Chile, which accounts for about one-third of the Brazilians' total arms export revenue since 1970. [redacted]

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25X1 [redacted] //Argentina, on the other hand, has chosen to supply Peru. This policy is probably due, at least in part, to the uneasy relations between Argentina and Chile that arise from lingering territorial disputes. [redacted]

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WEST GERMANY: Nuclear Moratorium

25X1 [redacted] *At their National Convention next month, West Germany's governing parties will consider resolutions calling for an official moratorium on the construction of nuclear power facilities. Resolutions that have the best chance of passage would deny construction permits for such facilities pending the development of satisfactory reprocessing and waste disposal procedures. Regardless of any convention resolutions, Chancellor Schmidt apparently will push for parliamentary approval of his nuclear construction program.*

25X1 [redacted] West German nuclear power construction has been at a near standstill for the past year because of unfavorable court

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rulings and protest demonstrations. In recent months, grass-roots resistance to the government's nuclear program has fostered strong opposition within the governing Social Democratic and Free Democratic parties, increasing the likelihood that party conventions will call for an official moratorium. The many citizens groups seeking to block nuclear power expansion are popular with young people and have found particularly sympathetic hearings in the left wings of the governing parties.

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[] In June, the Free Democratic national executive committee called for suspension of nuclear power plant starts until construction of the planned waste disposal facility has begun--perhaps in three to five years. Last month, the Social Democratic national executive committee made a similar recommendation.

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[] In addition, the government of North Rhine - Westphalia, which is controlled by the two parties, has filed a suit challenging Bonn's right to bypass state authorities in approving construction of a fast breeder reactor. This suit has prompted the administrative judges to ask the Federal Constitutional Court to rule on the constitutionality of the 18-year-old Federal Nuclear Law.

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[] Not surprisingly, the business-backed Christian Democratic - Christian Socialist opposition strongly favors nuclear expansion as advocated by the Schmidt government.

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[] As the party conventions approach, pressure is building against a moratorium. Leaders of the governing parties and the labor unions are working hard to defeat the expected resolutions. Union leaders, who wield considerable influence among the Social Democrats, stress the adverse impact a moratorium would have on employment. They argue that a moratorium would generate uncertainty about the future availability of energy, thus discouraging job-creating investment in a broad range of activities. More directly, it would mean a loss of potential jobs in construction and in industries that equip nuclear facilities.

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[] Schmidt is likely to fight for parliamentary approval of nuclear power plants regardless of events at the conventions. If the issue is not made a test of party loyalty, the Chancellor

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apparently could attract enough votes from the opposition parties to win in parliament. Any effort by moratorium advocates to bring down the government would probably be self-defeating, because a Christian Democratic government would likely be dominated by nuclear power proponents.

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[] The least restrictive moratorium would permit Bonn to achieve about two-thirds of the 30,000 megawatts of nuclear capacity targeted for 1985. Under the most restrictive conditions, only about 40 percent of the target capacity would be available.

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[] In the "best" case, from the viewpoint of those favoring the government's program, construction permits would be issued for the planned nuclear waste disposal facility at Gorleben in three years, and only permits for new power plants would be held up in the interim. In the "worst" case, construction of the waste disposal facility would not start for five years and work on all nuclear plants would be halted until then.

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[] To meet the Schmidt government's goals, all planned construction must resume this fall, when the design for the disposal unit is to be approved.

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[] A five-year halt to all nuclear construction would stymie Bonn's efforts to reduce dependence on imported oil. A direct trade-off between nuclear power and oil imports would probably occur because the government energy program calls for maximum feasible increases in other forms of energy. Assuming that total energy consumption grows as projected, the "worst" case scenario would boost 1985 net oil imports nearly 20 percent above the government's target.

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[] A three- to five-year moratorium would slow or stop the growth of employment in the nuclear industry. In the absence of a moratorium, direct employment would increase from an estimated 39,000 last year to some 50,000 in 1980; with a ban, attainment of the 50,000 level would at least be delayed a few years.

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[] Combined with new court-mandated safety measures, the current year-long delay in the construction of nuclear power plants has raised costs by an estimated 20 percent. If fewer plants are built, of course, total costs could fall below the estimated \$42 billion that would be needed to achieve

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the 30,000-megawatt capacity goal by 1985. Even so, the sums and the risks involved may be so great that the government will find it necessary to underwrite the financing of nuclear investment.

BRIEFS

Uganda-Kenya

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Ugandan President Amin yesterday publicly threatened military action against Kenya. He said it is time to fight Kenya and to teach it and its British allies a lesson. In issuing what he termed a "final warning" to Kenya, Amin threatened to send the Ugandan Air Force to destroy the offices of newspapers in Nairobi that have criticized his regime. Amin also said Uganda is willing to assist any country that might be hostile to Kenya. This was a clear reference to Somalia. Kenyan officials are concerned that Somalia, which claims the northeastern region of Kenya, may move against their country.

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Amin's remarks are mostly bluster, and we have no firm evidence that he is planning any specific military action against Kenya in the near future. The Kenyans realize that Amin is capable of boasting, but they do not discount an attempt by Amin to exploit their preoccupation with Somalia by staging some military action on their western border. If Amin becomes more threatening, the Kenyans might ask for emergency military help from the US and the UK.

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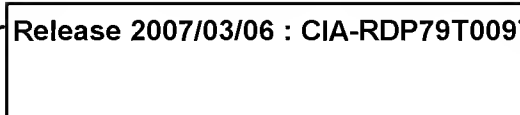
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Israel

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[redacted] Israeli Deputy Defense Minister Tzipori announced the details Monday of the government's plans for settling members of the ultraconservative Gush Emunim on the West Bank over the next several months. The settlers will be allowed to move into eight sites--all of them within military camps.

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[redacted] One group has already settled near Nabulus, and another group will move into a site farther north next week. Some of the settlers will work at the camps as civilian employees of the Defense Ministry, and all of them will be subject to military law under the agreement reached between the government and Gush leaders.

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[redacted] Tzipori implied that the government has grudgingly devised this arrangement under pressure from the US. [redacted]

Namibia

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[redacted] Sam Nujoma, president of the South-West Africa People's Organization, has agreed to meet in New York on Friday with the Western contact group that is working on an independence program for Namibia. The meeting will open a second round of exploratory talks between SWAPO delegates and representatives of the US, UK, France, West Germany, and Canada.

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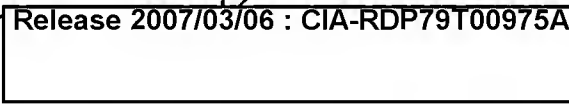
[redacted] Since the first round in August, SWAPO's Central Committee has reviewed the basic issues and the South Africans have submitted a plan for a partial withdrawal of their troops from Namibia.

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[redacted] Nujoma had delayed meeting with the contact group while seeking foreign support for SWAPO's guerrilla struggle in Namibia. Last week he appeared in Moscow--his first visit there since August 1976--and met with candidate Politburo member Boris

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Ponomarev. A bland Soviet announcement indicated that the meeting went well but did not imply an increase in military aid.

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